

HOUSE BILL 3609

By Richardson

AN ACT to amend Tennessee Code Annotated, Title 5 and  
Section 6-56-112, relative to expenditures by local  
governments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 6-56-112, is amended by deleting the section in its entirety and by substituting instead the following language:

(a) All expenditures of money made by a municipality must be made for a lawful municipal purpose.

(b) A suit may be brought by any taxpayer against any person to recover money or property belonging to the municipality or county which may have been unlawfully paid, expended, or released by agreement, contract, or in settlement of any action against the municipality or county, including payments made by offer of judgment or otherwise.

(c) Any person receiving money or property in violation of this statute shall be jointly and severally liable for the money or property received.

(d) The court shall assess all costs and fees and expenses, including attorney fees, incurred by the taxpayer in the bringing of the action upon finding that a judgment should be entered in favor of the taxpayer.

(e) All funds and property recovered in a taxpayer action shall be held by the taxpayer in trust for the municipality or county and deposited, upon receipt, with the court in which the action is brought.

(f) This section is remedial in purpose and it is the intent of the general assembly that it be given a liberal interpretation in order to effectuate the intent of the general assembly to provide for the recovery of funds and property unlawfully paid, or conveyed, in violation of this section.

(g) This section shall apply retroactively to all taxpayer cases pending whether at the trial level or on appeal in which the standing of a private taxpayer to bring such an action has been challenged.

(h) This section shall not prevent either the district attorney general or the municipality or county from bringing such an action to recover funds or property unlawfully paid or conveyed in violation of this section. The participation of the district attorney general or municipality or county is not required in an action commenced by the taxpayer.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.